

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF SANTA CLARA, CALIFORNIA AUTHORIZING AND APPROVING THE ISSUANCE OF NOT TO EXCEED \$65 MILLION AGGREGATE PRINCIPAL AMOUNT OF CITY OF SANTA CLARA, CALIFORNIA ELECTRIC REVENUE REFUNDING BONDS, SERIES 2018 A; APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF A THIRD SUPPLEMENTAL ELECTRIC REVENUE BOND INDENTURE PURSUANT TO WHICH SUCH BONDS ARE TO BE ISSUED; APPROVING THE FORM OF AND AUTHORIZING CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE, SECURING AND SALE OF SUCH BONDS; AND AUTHORIZING CERTAIN OTHER ACTIONS RELATING THERETO

BE IT RESOLVED BY THE CITY OF SANTA CLARA, AS FOLLOWS:

WHEREAS, the City is a duly constituted charter city of the State of California authorized to exercise the powers granted by its Charter; and

WHEREAS, Section 1321(e) of the City's Charter authorizes the City to issue revenue bonds for the purpose of financing the generation, production, transmission and distribution of electric energy; and

WHEREAS, on May 8, 1984, the City Council adopted its Resolution No. 4796 entitled "A Resolution of the City Council of the City of Santa Clara Establishing Procedures for the Authorization, Issuance and Sale of Electric Utility Revenue Bonds," as amended by Resolution No. 4804, adopted on May 29, 1984, and as amended by Resolution No. 7313, adopted on April 25, 2006; and on April 30, 1985, the City Council adopted its Resolution No. 4934 entitled "A Resolution of the City Council of the City of Santa Clara Establishing Procedures for the Authorization, Issuance and Sale of Refunding Electric Utility Revenue Bonds," as amended by Resolution No. 4966, adopted on July 9, 1985, as supplemented by Resolution No. 4967, adopted on July 9, 1985, and as amended by Resolution No. 7314, adopted on April 25, 2006 (collectively, the "Procedural Resolution"); and

WHEREAS, pursuant to the City Charter and the Procedural Resolution, and for the purposes of securing the Bonds (as defined below) issued thereunder, the City entered into a Subordinated Electric Revenue Bond Indenture, dated as of March 1, 1998 (the "Original Subordinated Electric Revenue Bond Indenture"), by and between the City and BNY Western Trust Company (which has been succeeded by The Bank of New York Mellon Trust Company, N.A.), as trustee (the "Trustee"), as amended and supplemented by, as applicable, (i) a First Supplemental

Subordinated Electric Revenue Bond Indenture, dated as of March 1, 1998, pursuant to which the City's Subordinated Electric Revenue Refunding Bonds, Series 1998 A were issued, (ii) a Second Supplemental Subordinated Electric Revenue Bond Indenture, dated as of September 1, 2003, pursuant to which the City's Subordinated Electric Revenue Bonds, Series 2003 A Bonds were issued, (iii) a Third Supplemental Subordinated Electric Revenue Bond Indenture, dated as of September 1, 2003, pursuant to which the City's Electric Revenue Bonds, Series 2003 B were issued, (iv) a Fourth Supplemental Subordinated Electric Revenue Bond Indenture, dated as of April 1, 2008 (the "Fourth Supplement"), pursuant to which the City's Variable Rate Demand Subordinated Electric Revenue Bonds, Series 2008 A were issued, and (v) a Fifth Supplemental Subordinated Electric Revenue Bond Indenture, dated as of May 1, 2008 (the "Fifth Supplement"), pursuant to which the City's Variable Rate Demand Subordinated Electric Revenue Bonds, Series 2008 B were issued (which bonds have been subsequently re-designated Variable Rate Demand Electric Revenue Bonds, Series 2008 B) (the "Series 2008 B Bonds"); and

WHEREAS, the City amended and restated the Original Subordinated Electric Revenue Bond Indenture by execution and delivery of an Amended and Restated Electric Revenue Bond Indenture, dated as of March 1, 2011 (the "Amended and Restated Electric Revenue Bond Indenture"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as Trustee, in order to reflect that electric revenue bonds (the "Bonds") issued pursuant thereto were no longer subordinated to certain previously issued bonds of the City, to eliminate the references to "subordinated" contained therein and to reflect certain amendments made thereto pursuant to the Fourth Supplement and Fifth Supplement; and

WHEREAS, pursuant to the Amended and Restated Electric Revenue Bond Indenture, as amended and supplemented (i) by a First Supplemental Electric Revenue Bond Indenture, dated as of March 1, 2011, by and between the City and the Trustee, the City's Electric Revenue Refunding Bonds, Series 2011 A were issued; and (ii) by a Second Supplemental Electric Revenue Bond Indenture, dated as of April 1, 2013, by and between the City and the Trustee, the City's Electric Revenue Refunding Bonds, Series 2013 A were issued; and

WHEREAS, the City has determined to authorize the issuance of an additional series of Bonds pursuant to the Amended and Restated Electric Revenue Bond Indenture, as supplemented by a Third Supplemental Electric Revenue Bond Indenture, by and between the City and the Trustee, to be designated "City of Santa Clara, California Electric Revenue Refunding Bonds,

Series 2018 A” (the “Series 2018 A Bonds”) in a principal amount not to exceed \$65,000,000 in order to provide moneys, together with certain other available funds, to refund the \$54,580,000 aggregate principal amount of outstanding Series 2008 B Bonds, to fund a termination payment payable in connection with the termination of the interest rate swap agreement relating to the Series 2008 B Bonds, and to pay the costs of issuance associated with the Series 2018 A Bonds; and

WHEREAS, in order to provide for the refunding of such Series 2008 B Bonds, to the extent moneys are to be held in trust therefor prior to the redemption of the Series 2008 B Bonds, the City may enter into an Escrow Agreement with the Trustee, as escrow agent and trustee; and

WHEREAS, in order to provide for the termination of the interest rate swap transaction entered into by the City under that certain International Swaps and Derivatives Association, Inc. Master Agreement, dated as of September 21, 2006, the related Schedule and Credit Support Annex, each dated as of September 21, 2006, and a related Confirmation, dated September 21, 2006, between the City and JPMorgan Chase Bank N.A., as novated from Bear Stearns Capital Markets Inc. to JPMorgan Chase Bank N.A., including pursuant to a letter agreement, dated January 23, 2009, among JPMorgan Chase Bank N.A., Bear Stearns Capital Markets Inc. and the City (collectively, the “JPMorgan Swap Agreement” and any such termination thereof, the “JPMorgan Swap Termination”) relating to the Series 2008 B Bonds, the City intends to enter into a termination confirmation or termination agreement (the “Swap Termination Confirmation” as further defined in Section 4 hereof) with JPMorgan Chase Bank N.A.; and

WHEREAS, in order to provide a continuing disclosure undertaking pursuant to the requirements promulgated under Rule 15c2-12 of the Securities and Exchange Commission in connection with the Series 2018 A Bonds, the City intends to enter into a Continuing Disclosure Agreement, by and between the City and the Trustee; and

WHEREAS, pursuant to a Bond Purchase Contract, by and between the City and Goldman Sachs & Co. LLC, as underwriter (the “Underwriter”), the Underwriter will purchase the Series 2018 A Bonds and the City will deliver the Series 2018 A Bonds to the Underwriter, upon certain conditions; and

WHEREAS, the Underwriter will distribute a preliminary and a final official statement relating to the Series 2018 A Bonds to prospective and actual purchasers of the Series 2018 A Bonds; and

WHEREAS, California Government Code Section 5852.1 requires that the City Council obtain from an underwriter, financial advisor or private lender and disclose, prior to authorization of the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

WHEREAS, in compliance with Government Code Section 5852.1, the City Council has obtained from PFM Financial Advisors LLC, the City's municipal advisor in connection with the Series 2018 A Bonds, the required good faith estimates and such estimates are disclosed and set forth on Exhibit A attached hereto; and

WHEREAS, it is desirable that the City Council provide for the issuance, securing and sale of the Series 2018 A Bonds at this time; and

WHEREAS, there has been presented to this meeting proposed forms of certain financing documents relating to the Series 2018 A Bonds and the issuance, sale and delivery thereof; and

WHEREAS, the City Council has reviewed all proceedings previously taken relative to the transactions contemplated by the foregoing, and has found as a result of such review, and hereby determines and declares that all conditions, things and acts required by law to exist, happen or be performed precedent to the transactions contemplated by the foregoing do exist, and were performed in due time, form and manner as required by law, and the City Council is now authorized to undertake the transactions contemplated by the foregoing;

NOW, THEREFORE, BE IT FURTHER RESOLVED BY THE CITY OF SANTA CLARA, AS FOLLOWS:

1. Authorization of Series 2018 A Bonds. The issuance of the Series 2018 A Bonds on the terms and conditions set forth in, and subject to the limitations specified in, the Amended and Restated Electric Revenue Bond Indenture and the Third Supplemental Electric Revenue Bond Indenture (as hereinafter approved) is hereby authorized and approved. The Series 2018 A Bonds will be dated, will bear interest at the rates, will mature on the dates, will be issued in the

form, may be subject to redemption, and will be as otherwise provided in the Third Supplemental Electric Revenue Bond Indenture as the same is completed as provided in this Resolution. The proposed form of the Series 2018 A Bonds, as set forth in such Third Supplemental Electric Revenue Bond Indenture, is hereby approved and the Mayor of the City is hereby authorized and directed to execute for and on behalf of the City (by manual or facsimile signature) the Series 2018 A Bonds in substantially such form and the City Clerk of the City or any Acting City Clerk or Assistant City Clerk performing functions of the City Clerk (the "City Clerk") is authorized and directed to attest thereto (by manual or facsimile signature), and the Trustee is hereby authorized and directed to authenticate and deliver the Series 2018 A Bonds to the Underwriter in accordance with the Bond Purchase Contract, the Amended and Restated Electric Revenue Bond Indenture and the Third Supplemental Electric Revenue Bond Indenture; provided, however, that (i) the aggregate principal amount of the Series 2018 A Bonds shall not exceed \$65,000,000, (ii) the final maturity of any of the Series 2018 A Bonds shall not be later than July 1, 2027, (iii) the maximum coupon rate of interest on any Series 2018 A Bond shall not exceed 5.00% per annum, (iv) the true interest cost of the Series 2018 A Bonds shall not exceed 5.00% per annum, and (v) the maximum aggregate net original issue discount at which such Series 2018 A Bonds may be sold shall not exceed 1.00%.

2. Approval of Third Supplemental Electric Revenue Bond Indenture. The City Manager of the City (the "City Manager") or any duly authorized designee thereof is hereby authorized and directed to execute for and on behalf of the City, and the City Clerk shall attest thereto, the Third Supplemental Electric Revenue Bond Indenture, in substantially the form submitted to this meeting, with such changes therein and additions thereto to reflect the terms of sale of the Series 2018 A Bonds as the City Manager or the Director of Finance of the City (the "Director of Finance") shall approve after consultation with the City Attorney of the City (the "City Attorney") and Norton Rose Fulbright US LLP, the City's Bond Counsel ("Bond Counsel") for the Series 2018 A Bonds, such approval to be evidenced by the execution and delivery thereof. The Third Supplemental Electric Revenue Bond Indenture, as executed and delivered, is hereinafter referred to as the "Third Supplemental Electric Revenue Bond Indenture" and such Third Supplemental Electric Revenue Bond Indenture is hereby approved.

3. Approval of Escrow Agreement. The City Manager or any duly authorized designee thereof is hereby authorized and directed to execute for and on behalf of the City, if necessary or advisable upon delivery of the Series 2018 A Bonds to provide for moneys to be held in trust by the Trustee as escrow agent for application to the redemption of the Series 2008 B Bonds,

the Escrow Agreement, in substantially the form submitted to this meeting, with such changes therein as the City Manager or the Director of Finance shall approve after consultation with the City Attorney and Bond Counsel, such approval to be evidenced by the execution and delivery thereof. The Escrow Agreement, as executed and delivered (if applicable), is hereinafter referred to as the “Escrow Agreement” and such Escrow Agreement is hereby approved.

4. Approval of Swap Termination Confirmation. The City Manager or any duly authorized designee thereof is hereby authorized and directed to execute for and on behalf of the City the Swap Termination Confirmation, in substantially the form submitted to this meeting, with such changes therein as the City Manager or the Director of Finance shall approve after consultation with PFM Swap Advisors LLC, the City’s swap advisor, the City Attorney and Bond Counsel, such approval to be evidenced by the execution and delivery thereof. The Swap Termination Confirmation as executed as herein provided allows for the reinstatement of the JPMorgan Swap Agreement, which such JPMorgan Swap Agreement as reinstated would include, as a condition of such reinstatement, an obligation of either the City or JPMorgan Chase Bank N.A., depending on market conditions, to pay the other party a lump sum payment in an amount calculated to compensate such party for the intervening market movements between the trade date of Swap Termination Confirmation and the date of reinstatement of the JPMorgan Swap Agreement, in the event the Series 2018 A Bonds are not delivered and the Series 2008 B Bonds are not refunded for any reason after the date of pricing of such Series 2018 A Bonds and the trade date of the Swap Termination Confirmation. The Swap Termination Confirmation, as executed and delivered, is hereinafter referred to as the “Swap Termination Confirmation” and such Swap Termination Confirmation is hereby approved.

5. Approval of Continuing Disclosure Agreement. The City Manager or any duly authorized designee thereof is hereby authorized and directed to execute for and on behalf of the City the Continuing Disclosure Agreement, in substantially the form submitted to this meeting, with such changes therein as the City Manager or the Director of Finance shall approve after consultation with the City Attorney and Bond Counsel, such approval to be evidenced by the execution and delivery thereof. The Continuing Disclosure Agreement, as executed and delivered, is hereinafter referred to as the “Continuing Disclosure Agreement” and such Continuing Disclosure Agreement is hereby approved.

6. Selection of Underwriter; Approval of Bond Purchase Contract. The City Council hereby approves the engagement of Goldman Sachs & Co. LLC, as Underwriter in connection with the

negotiated sale of the Series 2018 A Bonds. The City Manager or any duly authorized designee thereof is hereby authorized and directed to execute for and on behalf of the City a Bond Purchase Contract, in substantially the form submitted to this meeting, with such changes therein (and additions thereto to reflect the terms of the sale of the Series 2018 A Bonds) as the City Manager or the Director of Finance shall approve after consultation with the City Attorney and Bond Counsel, such approval to be evidenced by the execution and delivery thereof; provided, however, that the Underwriter's discount (exclusive of any original issue discount) with respect to the Series 2018 A Bonds may not exceed 0.30% of the aggregate principal amount of the Series 2018 A Bonds purchased thereunder. The Bond Purchase Contract, as executed and delivered, is hereinafter referred to as the "Bond Purchase Contract" and such Bond Purchase Contract is hereby approved.

7. Approval of Official Statement. The City Council hereby approves the form of the preliminary official statement of the City relating to the Series 2018 A Bonds, in substantially the form submitted to this meeting, with such additions thereto and changes therein (including such changes and additions to reflect the terms of the Series 2018 A Bonds) as are approved by the City Manager or the Director of Finance after consultation with the City Attorney and Bond Counsel. The Underwriter is hereby authorized to distribute such preliminary official statement in connection with the marketing of the Series 2018 A Bonds. The City Manager or a duly authorized designee thereof is hereby authorized to certify that the preliminary official statement is as of its date "deemed final" for purposes of Rule 15c-12 of the Securities and Exchange Commission. The City Manager is hereby authorized to cause the preparation of, and to execute for and on behalf of the City, a final official statement in substantially the form of the preliminary official statement with such additions thereto and changes therein (including such changes and additions to reflect the terms of the Series 2018 A Bonds) and to comply with the applicable federal securities laws as the City Manager or the Director of Finance shall approve after consultation with the City Attorney and Bond Counsel, such approval to be evidenced by the execution and delivery thereof. The City Manager or any duly authorized designee thereof is hereby authorized to authorize the Underwriter to distribute such final official statement to all purchasers of the Series 2018 A Bonds.

8. Additional Actions. The City Manager, any Assistant City Manager, the Director of Finance, any Assistant Director of Finance, the Chief Electric Utility Officer, the City Clerk and any and all other officers of the City are hereby authorized and directed, individually and collectively, to take all actions and execute any and all documents necessary: to engage The

Bank of New York Mellon Trust Company, N.A., the Trustee under the Amended and Restated Electric Revenue Bond Indenture, as trustee for the Series 2018 A Bonds and as escrow agent under the Escrow Agreement (if applicable); to effect the sale and delivery of the Series 2018 A Bonds and the refunding of the Series 2008 B Bonds pursuant to the Amended and Restated Electric Revenue Bond Indenture, the Third Supplemental Electric Revenue Bond Indenture and the Escrow Agreement (if applicable); to provide for the termination or reinstatement, as applicable, of the JPMorgan Swap Agreement pursuant to the Swap Termination Confirmation (including but not limited to entering into such bilateral agreements with the swap counterparty or such other documentation as may be necessary or desirable, upon the advice of the Electric Utility's swap advisor, to provide for the City's agreement to adhere to the International Swaps and Derivatives Association (ISDA) Protocols ("DF Protocols") published by ISDA in connection with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act in order to effect such termination); and to do any and all things and to execute and deliver such other agreements, documents and certificates, including (without limitation) a tax certificate and, upon the advice of Bond Counsel, a tax compliance policy relating to the Series 2018 A Bonds, any investment agreements relating to the investment of the Series 2018 A Bond proceeds, and such amendments to the Amended and Restated Electric Revenue Bond Indenture as shall be requested by any rating agency, the Underwriter or any other entity if such changes are determined by the City Manager or the Director of Finance, after consultation with the City Attorney and Bond Counsel, to be necessary or advisable; and to give any notices, directions, certificates or other documents, and to seek any consents or acknowledgements, in connection with the issuance of the Series 2018 A Bonds and the refunding and redemption of the Series 2008 B Bonds, as may be necessary, convenient or advisable in order to consummate the sale, execution and delivery of the Series 2018 A Bonds, the refunding of the Series 2008 B Bonds and the termination or reinstatement, as applicable, of the JPMorgan Swap Agreement; and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Series 2018 A Bonds, the Fifth Supplemental Indenture to the Original Subordinated Electric Revenue Bond Indenture relating to the Series 2008 B Bonds, the Amended and Restated Electric Revenue Bond Indenture, the Third Supplemental Electric Revenue Bond Indenture relating to the Series 2018 A Bonds, the Bond Purchase Contract, the Escrow Agreement (if applicable), the Swap Termination Confirmation, the Continuing Disclosure Agreement, the preliminary official statement and the final official statement and the transactions herein authorized. All such actions heretofore taken by such officers or their designees are hereby ratified, confirmed and approved.

9. Effective Date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF SANTA CLARA, CALIFORNIA, AT A REGULAR MEETING THEREOF DULY HELD ON THE 13th DAY OF NOVEMBER, 2018, BY THE FOLLOWING VOTES:

AYES: COUNCILORS:

NOES: COUNCILORS:

ABSENT: COUNCILORS:

ABSTAINED: COUNCILORS

ATTEST: _____
NORA PIMENTEL, MMC
ASSISTANT CITY CLERK
CITY OF SANTA CLARA

Attachments Incorporated by Reference: None

EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the City of Santa Clara, California Electric Revenue Refunding Bonds, Series 2018 A (the "Series 2018 A Bonds") in compliance with Section 5852.1 of the California Government Code. Such good faith estimates have been provided to the City by PFM Financial Advisors LLC, as municipal advisor to the City (the "Municipal Advisor").

Principal Amount. The Municipal Advisor has informed the City that, based on the City's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Series 2018 A Bonds to be sold is \$49,550,000 (the "Estimated Principal Amount").

True Interest Cost of the Series 2018 A Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Series 2018 A Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Series 2018 A Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Series 2018 A Bonds, is 2.30%.

Finance Charge of the Series 2018 A Bonds. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Series 2018 A Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Series 2018 A Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Series 2018 A Bonds), is \$492,514 (exclusive of any swap termination payment) or \$4,152,156 (in the event the swap termination payment and letter of credit termination fee are to be construed as components of the finance charge).

Amount of Proceeds to be Received. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Series 2018 A Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the City for sale of the Series 2018 A Bonds, less the finance charge of the Series 2018 A Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Series 2018 A Bonds, is \$54,580,000.

Total Payment Amount. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Series 2018 A Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the City will make to pay debt service on the Series 2018 A Bonds, plus the finance charge for the Series 2018 A Bonds, as described above, not paid with the proceeds of the Series 2018 A Bonds, calculated to the final maturity of the Series 2018 A Bonds, is \$61,068,911.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Series 2018 A Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Series 2018 A Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds sold being different from the Estimated Principal Amount, (c) the actual

amortization of the Series 2018 A Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Series 2018 A Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the City's financing plan, or a combination of such factors. The actual date of sale of the Series 2018 A Bonds and the actual principal amount of Bonds sold will be determined by the City based on the need for project funds and other factors. The actual interest rates borne by the Series 2018 A Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Series 2018 A Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the City. The City Council has approved the issuance of the Series 2018 A Bonds with a maximum true interest cost of 5.00%.

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